IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION

INCOME TAX REFERENCE NO. 167 OF 1997.

The Commissioner of Income-tax. ... Applicant.

V/s.

Shri Anil I. Popat. ... Respondent.

Parag Vyas i/b. T.C.Kaushik for the applicant.

K.B.Bhujle for the respondent.

CORAM : V.C.DAGA AND A.S.AGUIAR, JJ.

DATED : 11th August 2005.

P.C. :

. By this reference under section 256(1) of the Income-tax Act, 1961, the Income Tax Appellate Tribunal has referred the following questions of law for the opinion of this Court:

1. Whether, on the facts and in the circumstances of the case, the Tribunal was right in holding that the discount value to be allowable by spreading the amount proportionately to the number of years to which the bonds were issued ignoring the facts that the asessee had received the whole of the amount at the beginning of the period itself though it relates to subsequent years also?

2. Whether, on the facts and in the circumstances of the case, the Tribunal was right in ignoring the fact that after having opted for the discounted value method, the entire interest had accrued in the current year itself and under sec. 4 of the I.T.Act, the interest should have been on due basis in the current year itself?

2. Learned counsel for the parties agreed that question No.1 referred to for the opinion of this Court is covered by the judgment of the Apex Court in the case of **Madras Industrial Investment Corpn. Ltd. v. C.I.T.**, (1997) 225 ITR 802. In that view of the matter, question No.1 is answered in the affirmative i.e. in favour of assessee and against the Revenue.

3. So far as question No.2 is concerned, the same being consequential, it needs no answer. Accordingly, question No.2 is returned unanswered.

. Reference stands disposed of with no order as to costs.

(A.S.AGUIAR, J.) **(V.C.DAGA, J.)**